

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 59

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 13, 2019

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 59, with committee amendments.

This bill, as amended, would provide counties and school districts with notice that a municipality is considering granting long term tax exemptions, and would also require municipalities to share amounts received from urban renewal entities in lieu of property taxes with school districts, including regional school districts.

Under the bill, urban renewal entities would be required to provide counties and school districts with copies of applications for long term tax exemptions. The bill would require an urban renewal entity to certify, in its annual audit to the mayor and the governing body of the municipality, the number of school-age children attending public school who are residing in the approved project. Mayors would be required to provide counties and school districts with copies of the recommendations mayors submit to municipal governing bodies with regard to applications from urban renewal entities. Municipal governing bodies would afford counties and school districts a 10-day period to review mayoral recommendations, within which period counties and school districts could submit their own recommendations. When determining whether to approve an application, a municipal governing body would give due consideration to the concerns of counties and school districts.

The bill would also require municipalities to provide a portion of the amounts received in lieu of property taxation from urban renewal entities to the school district or districts that serves the municipality, including a regional school district. A municipality that receives a payment in lieu of taxation from an urban renewal entity would be required to distribute a portion of the amount received immediately upon receipt. For a residential project, this portion would equal the amount derived by multiplying the number of school-age children, who are attending public school in the municipality or at a school in a regional school district that serves the municipality and who are residing in the project, by the school district's budgetary cost per pupil. For a nonresidential project and for a mixed-use project with residential and nonresidential components, the portion would be five percent of the annual service charge collected by the municipality or

an in-kind contribution equal in value to five percent of the annual service charge.

Lastly, the bill requires a school district to reduce its property tax levy by any amount received from a municipality out of a payment in lieu of property taxation made by an urban renewal entity.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to require municipalities to provide school districts with different portions of payments in lieu of property taxation made by urban renewal entities for nonresidential and mixed-use projects. For a nonresidential project and for a mixed-use project with residential and nonresidential components, the amount would be five percent of the annual service charge collected by the municipality or an in-kind contribution equal in value to five percent of the annual service charge.

The committee amendments also require a school district to reduce its property tax levy by the amount of any payment received from a municipality out of a payment in lieu of property taxation made by an urban renewal entity.

Lastly, the committee amendments reflect an update to a section of law amended by the bill. Specifically, the amendments incorporate language added by P.L.2018, c.97, which was enacted subsequent to the introduction of the bill and is unrelated the bill's purposes.